

110TH CONGRESS  
1ST SESSION

# H. R. 1411

To provide for the construction and rehabilitation of child care facilities  
in areas of the Gulf Coast affected by Hurricanes Katrina and Rita.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2007

Mr. JEFFERSON (for himself, Mr. TAYLOR, Ms. NORTON, Mr. ELLISON, and  
Ms. CORRINE BROWN of Florida) introduced the following bill; which was  
referred to the Committee on Financial Services

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## A BILL

To provide for the construction and rehabilitation of child  
care facilities in areas of the Gulf Coast affected by  
Hurricanes Katrina and Rita.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Emergency Gulf Coast  
5       Child Care Construction and Rebuilding Act”.

6       **SEC. 2. CONGRESSIONAL FINDINGS.**

7       The Congress finds that—

1           (1) the Bureau of the Census has reported that,  
2       before Hurricane Katrina occurred, there were in  
3       New Orleans—

4                   (A) 25,000 two-parent families with chil-  
5       dren under the age of 18;

6                   (B) 26,000 female-headed households with  
7       children under 18 and no husband present; and

8                   (C) more than 18,000 households con-  
9       sisting of an individual more than 65 years old  
10      living alone;

11           (2) studies have determined that reopening  
12      child care facilities after Hurricane Katrina was cru-  
13      cial for helping parents get back to work and busi-  
14      nesses to recover;

15           (3) studies have shown that a lack of available  
16      and affordable child care greatly impedes economic  
17      recovery and reduces worker productivity;

18           (4) the National Association of Child Care Re-  
19      source and Referral Agencies reported in a study  
20      published by the Mississippi State University Early  
21      Childhood Institute that between 62 and 94 percent  
22      of the licensed child care slots in the three coastal  
23      counties in Mississippi hardest hit by Hurricanes  
24      Katrina and Rita were lost;

1           (5) initial assessments determined that one-  
2           fourth of the licensed child care centers, in Jackson  
3           County, Mississippi, representing 11 percent of the  
4           county's licensed child care capacity, were damaged  
5           beyond repair and another 39 percent of centers  
6           needed repairs;

7           (6) before Hurricanes Katrina and Rita, New  
8           Orleans had 1,912 day care slots at 266 licensed  
9           child care centers, but now 75 percent of those slots  
10          and 80 percent of those centers are gone;

11          (7) studies have determined that—

12                (A) 33 of 61 neighborhoods in New Orle-  
13                ans lost all their licensed day care centers;

14                (B) another 19 neighborhoods lost at least  
15                some day care slots; and

16                (C) several neighborhoods completely lack-  
17                ing licensed child care have already shown  
18                strong signs of recovery, including Bywater and  
19                Broadmoor, while areas such as Central City,  
20                Mid-City, and Uptown have lost 60 percent or  
21                more of their centers;

22          (8) only 55 child care centers were open in New  
23          Orleans at the end of September 2006 and of those  
24          10 participated in the Federal Head Start program,

1 which is one-third the participation level pre-  
 2 Katrina;

3 (9) a recent study found that the New Orleans  
 4 still lacks any coordinated plan for returning child  
 5 care to neighborhoods that need it most; and

6 (10) studies have stated that the most effective  
 7 way to rebuild the child care infrastructure is to  
 8 help child care programs in the disaster area reopen  
 9 as rapidly as is safe, by giving priority to licensed  
 10 early childhood facilities and by recruiting, training,  
 11 and retaining child-care professionals.

12 **SEC. 3. USE OF COMMUNITY DEVELOPMENT BLOCK**  
 13 **GRANTS TO ESTABLISH CHILD CARE FACILI-**  
 14 **TIES IN THE GULF COAST.**

15 Section 105(a) of the Housing and Community De-  
 16 velopment Act of 1974 (42 U.S.C. 5305(a)) is amended—

17 (1) in paragraph (24), by striking “and” at the  
 18 end;

19 (2) in paragraph (25), by striking the period at  
 20 the end and inserting “; and”; and

21 (3) by adding at the end the following:

22 “(26) the construction and rebuilding of child  
 23 care facilities that are located in any area for which  
 24 the President declared that a major disaster exists,  
 25 in accordance with section 401 of the Robert T.

1       Stafford Disaster Relief and Emergency Assistance  
2       Act (42 U.S.C. 5170), as a consequence of Hurri-  
3       cane Katrina or Rita of 2005.”.

4   **SEC. 4. INSURANCE FOR MORTGAGES ON NEW AND REHA-**  
5                   **BILITATED CHILD CARE FACILITIES IN THE**  
6                   **GULF COAST.**

7       Title II of the National Housing Act (12 U.S.C. 1707  
8   et seq.) is amended by adding at the end the following:

9   **“SEC. 257. MORTGAGE INSURANCE FOR CHILD CARE FA-**  
10                   **CILITIES IN THE GULF COAST.**

11       “(a) DEFINITIONS.—In this section:

12               “(1) CHILD CARE FACILITY.—The term ‘child  
13       care facility’—

14               “(A) means a public or private facility  
15       that—

16               “(i) has as its purpose the care and  
17       development of—

18               “(I) children who are less than  
19       16 years of age; or

20               “(II) school-age children and  
21       youth during non-school hours; and

22               “(ii) is operated in accordance with all  
23       applicable State and local laws and regula-  
24       tions; and

1           “(B) does not include any facility for  
2           school-age children that is primarily for use  
3           during normal school hours.

4           “(2) EQUIPMENT.—The term ‘equipment’ in-  
5           cludes—

6           “(A) machinery, utilities, and built-in  
7           equipment, and any necessary enclosure or  
8           structure to house them; and

9           “(B) any other items necessary for the  
10          functioning of a particular facility as a child  
11          care facility, including necessary furniture,  
12          books, and curricular and program materials.

13          “(3) FIRST MORTGAGE.—The term ‘first mort-  
14          gage’—

15          “(A) means such classes of first liens as  
16          are commonly given to secure advances (includ-  
17          ing advances during construction) on, or the  
18          unpaid purchase price of, real estate under the  
19          laws of the State in which the real estate is lo-  
20          cated, together with the credit instrument or in-  
21          struments (if any) secured thereby; and

22          “(B) includes any mortgage in the form of  
23          1 or more trust mortgages or mortgage inden-  
24          tures or deeds of trust, securing notes, bonds,  
25          or other credit instruments, that, by the same

1 instrument or by a separate instrument, creates  
2 a security interest in initial equipment, whether  
3 or not attached to the realty.

4 “(4) MORTGAGE.—The term ‘mortgage’ means  
5 a first mortgage on real estate in fee simple, or on  
6 the interest of either the lessor or lessee thereof  
7 under a lease having a period of not less than 7  
8 years to run beyond the maturity date of the mort-  
9 gage.

10 “(5) MORTGAGOR.—The term ‘mortgagor’ has  
11 the meaning given the term in section 207(a).

12 “(b) INSURANCE OF MORTGAGES.—In order to facili-  
13 tate the establishment and rehabilitation of child care fa-  
14 cilities, the Secretary may—

15 “(1) insure a mortgage that is secured by a  
16 property or project that is—

17 “(A) a new child care facility, including a  
18 new addition to an existing child care facility  
19 (regardless of whether the existing facility is  
20 being rehabilitated), that meets the require-  
21 ments of subsection (c); or

22 “(B) a substantially rehabilitated child  
23 care facility, including equipment to be used in  
24 the operation of the facility, that meets the re-  
25 quirements of subsection (c); and

1           “(2) make a commitment to insure any mort-  
2           gage described in paragraph (1) before the date of  
3           execution or disbursement of the mortgage.

4           “(c) TERMS AND CONDITIONS.—

5           “(1) ELIGIBLE CHILD CARE FACILITIES.—Each  
6           mortgage insured under this section shall be secured  
7           by a child care facility that meets the following re-  
8           quirements:

9           “(A) LOCATION IN GULF COAST.—The fa-  
10          cility is located, or to be located, in an area for  
11          which the President declared that a major dis-  
12          aster exists, in accordance with section 401 of  
13          the Robert T. Stafford Disaster Relief and  
14          Emergency Assistance Act (42 U.S.C. 5170), as  
15          a consequence of Hurricane Katrina or Rita of  
16          2005.

17          “(B) COMPLIANCE WITH STANDARDS.—  
18          The facility complies, or will comply, with any  
19          laws, standards, and requirements applicable to  
20          such facilities under the laws of the State, mu-  
21          nicipality, or other unit of general local govern-  
22          ment in which the facility is or is to be located.

23          “(2) APPROVED MORTGAGOR.—



1           “(A) IN GENERAL.—Each mortgage in-  
2           sured under this section shall be executed by a  
3           mortgagor approved by the Secretary.

4           “(B) REGULATION.—The Secretary may—

5                   “(i) require an approved mortgagor  
6                   who executes a mortgage under subpara-  
7                   graph (A) to be regulated with respect to  
8                   charges and methods of financing and, if  
9                   the mortgagor is a corporate entity, with  
10                  respect to capital structure and rate of re-  
11                  turn; and

12                   “(ii) as an aid to the regulation of any  
13                   mortgagor under clause (i), make such  
14                   contracts with and acquire for not more  
15                   than \$100 such stock or interest in such  
16                   mortgagor as the Secretary considers to be  
17                   necessary.

18           “(C) STOCK OR INTEREST.—Any stock or  
19           interest purchased under subparagraph (B)(ii)  
20           shall be—

21                   “(i) paid for out of the General Insur-  
22                   ance Fund; and

23                   “(ii) redeemed by the mortgagor at  
24                   par upon the termination of all obligations  
25                   of the Secretary under the insurance.

1           “(3) PRINCIPAL OBLIGATION.—Each mortgage  
2           insured under this section shall involve a principal  
3           obligation in an amount not to exceed 90 percent of  
4           the estimated value of the property or project, or 95  
5           percent of the estimated value of the property or  
6           project in the case of a mortgagor that is a private  
7           nonprofit corporation or association (as defined pur-  
8           suant to section 221(d)(3)), including—

9                   “(A) equipment to be used in the operation  
10                  of the facility when the proposed improvements  
11                  are completed and the equipment is installed; or

12                  “(B) a solar energy system (as defined in  
13                  subparagraph (3) of the last paragraph of sec-  
14                  tion 2(a)) or residential energy conservation  
15                  measures (as defined in subparagraphs (A)  
16                  through (G) and (I) of section 210(11) of the  
17                  National Energy Conservation Policy Act), in  
18                  cases in which the Secretary determines that  
19                  such measures are in addition to those required  
20                  under the minimum property standards and will  
21                  be cost-effective over the life of the measure.

22           “(4) AMORTIZATION AND INTEREST.—Each  
23           mortgage insured under this section shall—

1           “(A) provide for complete amortization by  
2           periodic payments under such terms as the Sec-  
3           retary shall prescribe;

4           “(B) have a maturity date satisfactory to  
5           the Secretary, but in no event longer than 40  
6           years; and

7           “(C) bear interest at such rate as may be  
8           agreed upon by the mortgagor and the mort-  
9           gagee, and the Secretary shall not issue any  
10          regulations or establish any terms or conditions  
11          that interfere with the ability of the mortgagor  
12          and mortgagee to determine the interest rate.

13          “(5) RELEASE.—The Secretary may consent to  
14          the release of a part or parts of the mortgaged prop-  
15          erty or project from the lien of any mortgage in-  
16          sured under this section upon such terms and condi-  
17          tions as the Secretary may prescribe.

18          “(6) MORTGAGE INSURANCE TERMS.—Sub-  
19          sections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of  
20          section 207 apply to any mortgage insured under  
21          this section, except that all references in such sub-  
22          sections to section 207 shall be construed, for pur-  
23          poses of mortgage insurance under this section, to  
24          refer to this section.

1       “(d) MORTGAGE INSURANCE FOR FIRE SAFETY  
2 EQUIPMENT LOANS.—

3           “(1) AUTHORITY.—The Secretary may, upon  
4       such terms and conditions as the Secretary may pre-  
5       scribe, make commitments to insure and insure  
6       loans made by financial institutions or other ap-  
7       proved mortgagees to child care facilities to provide  
8       for the purchase and installation of fire safety equip-  
9       ment necessary for compliance with the 1967 edition  
10      of the Life Safety Code of the National Fire Protec-  
11      tion Association (or any subsequent edition specified  
12      by the Secretary of Health and Human Services).

13          “(2) LOAN REQUIREMENTS.—To be eligible for  
14      insurance under this subsection a loan shall—

15           “(A) not exceed the estimate by the Sec-  
16      retary of the reasonable cost of the equipment  
17      fully installed;

18           “(B) bear interest at such rate as may be  
19      agreed upon by the mortgagor and the mort-  
20      gagee;

21           “(C) have a maturity date satisfactory to  
22      the Secretary;

23           “(D) be made by a financial institution or  
24      other mortgagee approved by the Secretary as

1 eligible for insurance under section 2 or a mort-  
2 gagee approved under section 203(b)(1);

3 “(E) comply with other such terms, condi-  
4 tions, and restrictions as the Secretary may  
5 prescribe; and

6 “(F) be made with respect to a child care  
7 facility that complies with the requirements  
8 under subparagraphs (A) and (B) of subsection  
9 (c)(1) of this section.

10 “(3) INSURANCE REQUIREMENTS.—

11 “(A) SECTION 2.—Subsections (c), (d),  
12 and (h) of section 2 shall apply to any loan in-  
13 sured under this subsection, except that all ref-  
14 erences in such subsections to ‘this section’ or  
15 ‘this title’ shall be construed, for purposes of  
16 this subsection, to refer to this subsection.

17 “(B) SECTION 220.—Paragraphs (5), (6),  
18 (7), (9), and (10) of section 220(h) shall apply  
19 to any loan insured under this subsection, ex-  
20 cept that all references in such paragraphs to  
21 home improvement loans shall be construed, for  
22 purposes of this subsection, to refer to loans  
23 under this subsection.

24 “(e) SCHEDULES AND DEADLINES.—The Secretary  
25 shall establish schedules and deadlines for the processing

1 and approval (or provision of notice of disapproval) of ap-  
2 plications for mortgage insurance under this section.

3 “(f) LIMITATION ON INSURANCE AUTHORITY.—

4 “(1) TERMINATION.—No mortgage may be in-  
5 sured under this section or section 223(h) after De-  
6 cember 30, 2009, except pursuant to a commitment  
7 to insure issued on or before such date.

8 “(2) AGGREGATE PRINCIPAL AMOUNT LIMITA-  
9 TION.—

10 “(A) IN GENERAL.—The aggregate prin-  
11 cipal amount of mortgages for which the Sec-  
12 retary enters into commitments to insure under  
13 this section or section 223(h) on or before the  
14 date described in paragraph (1) may not exceed  
15 \$100,000,000.

16 “(B) REPORT.—If, on the date described  
17 in paragraph (1), the aggregate insurance au-  
18 thority provided under this paragraph has not  
19 been fully used, the Secretary of the Treasury  
20 shall submit to Congress a report evaluating the  
21 need for continued mortgage insurance under  
22 this section.

23 “(g) NONDISCRIMINATION REQUIREMENT.—

24 “(1) IN GENERAL.—A child care facility receiv-  
25 ing assistance under this title may not discriminate

1 on the basis of race, color, or national origin (to the  
2 extent provided in title VI of the Civil Rights Act of  
3 1964 (42 U.S.C. 2000d et seq.)), religion (subject to  
4 subparagraph (B)), national origin, sex (to the ex-  
5 tent provided in title IX of the Education Amend-  
6 ments of 1972 (20 U.S.C. 1681 et seq.)), or dis-  
7 ability (to the extent provided in section 504 of the  
8 Rehabilitation Act of 1973 (29 U.S.C. 794)), under  
9 any program or activity receiving Federal financial  
10 assistance under this title.

11 “(2) FACILITIES OF RELIGIOUS ORGANIZA-  
12 TIONS.—The prohibition with respect to religion  
13 under paragraph (1) shall not apply to a child care  
14 facility that is controlled by, or that is closely identi-  
15 fied with, the tenets of a particular religious organi-  
16 zation, if the application of this paragraph would not  
17 be consistent with the religious tenets of such orga-  
18 nization.

19 “(h) LIABILITY INSURANCE.—A child care provider  
20 operating a child care facility assisted under this section  
21 or section 223(h) shall obtain and maintain liability insur-  
22 ance in such amounts and subject to such requirements  
23 as the Secretary considers to be appropriate.

24 “(i) SMALL PURPOSE LOANS.—

1           “(1) IN GENERAL.—To the extent that amounts  
2           are made available pursuant to subsection (l), the  
3           Secretary shall make loans, directly or indirectly, to  
4           providers of child care facilities that comply with the  
5           requirements under subparagraph (A) and (B) of  
6           subsection (c)(1) for reconstruction or renovation of  
7           such facilities, in accordance with this subsection.

8           “(2) REQUIREMENTS.—A loan under this sub-  
9           section—

10                   “(A) may be made only for a child care fa-  
11                   cility that is financially and operationally viable,  
12                   as determined under standards established by  
13                   the Secretary;

14                   “(B) may not have a term to maturity ex-  
15                   ceeding 7 years;

16                   “(C) shall bear interest at a rate estab-  
17                   lished by the Secretary; and

18                   “(D) shall be subject to such other terms  
19                   and conditions as the Secretary may establish  
20                   by regulation.

21           “(3) AGGREGATE LOAN AMOUNT.—The aggre-  
22           gate amount of loans under this subsection to a sin-  
23           gle provider may not exceed \$100,000.

24           “(j) NOTIFICATION.—The Secretary shall take such  
25           actions as may be necessary to publicize the availability



1 of the programs for mortgage insurance under this section  
 2 and section 223(h), and the loan program under sub-  
 3 section (i) of this section, in a manner that ensures that  
 4 information concerning such programs will be available to  
 5 child care providers throughout the United States.

6 “(k) REGULATIONS.—The Secretary shall—

7 “(1) issue any regulations necessary to carry  
 8 out this section; and

9 “(2) in carrying out paragraph (1), consult with  
 10 the Secretary of Health and Human Services with  
 11 respect to any aspects of the regulations regarding  
 12 child care facilities.

13 “(l) AUTHORIZATION OF APPROPRIATIONS.—There is  
 14 authorized to be appropriated to carry out this section  
 15 \$10,000,000 for fiscal year 2008, to remain available until  
 16 expended, of which not more than 3 percent may be used  
 17 for loans under subsection (i).”.

18 **SEC. 5. INSURANCE FOR MORTGAGES FOR ACQUISITION OR**  
 19 **REFINANCING DEBT OF EXISTING CHILD**  
 20 **CARE FACILITIES IN THE GULF COAST.**

21 (a) IN GENERAL.—Section 223 of the National  
 22 Housing Act (12 U.S.C. 1715n) is amended by adding at  
 23 the end the following:

1       “(h) MORTGAGE INSURANCE FOR PURCHASE OR RE-  
2 FINANCING OF EXISTING CHILD CARE FACILITIES IN THE  
3 GULF COAST.—

4               “(1) DEFINITIONS.—In this subsection, the  
5 terms that are defined in section 257(a) have the  
6 same meanings as provided in that section.

7               “(2) AUTHORITY.—Notwithstanding any other  
8 provision of this Act, the Secretary may insure  
9 under any section of this title a mortgage executed  
10 in connection with—

11                       “(A) the purchase or refinancing of an ex-  
12 isting child care facility that is located in an  
13 area for which the President declared that a  
14 major disaster exists, in accordance with section  
15 401 of the Robert T. Stafford Disaster Relief  
16 and Emergency Assistance Act (42 U.S.C.  
17 5170), as a consequence of Hurricane Katrina  
18 or Rita of 2005;

19                       “(B) the purchase of a structure located in  
20 such an area to serve as a child care facility; or

21                       “(C) the refinancing of existing debt of an  
22 existing child care facility located in such an  
23 area.

24               “(3) PURCHASE OF EXISTING FACILITIES AND  
25 STRUCTURES.—In the case of the purchase under

1       this subsection of an existing child care facility or  
2       purchase of an existing structure to serve as such a  
3       facility, the Secretary shall prescribe any terms and  
4       conditions that the Secretary considers necessary to  
5       ensure that—

6               “(A) the facility or structure purchased  
7               continues to be used as a child care facility; and

8               “(B) the facility complies with any laws,  
9               standards, and requirements applicable to such  
10              facilities under the laws of the State, munici-  
11              pality, or other unit of general local government  
12              in which the facility is or is to be located.

13              “(4) REFINANCING OF EXISTING FACILITIES.—

14       In the case of refinancing of an existing child care  
15       facility, the Secretary shall prescribe any terms and  
16       conditions that the Secretary considers necessary to  
17       ensure that—

18              “(A) the refinancing is used to lower the  
19              monthly debt service costs (taking into account  
20              any fees or charges connected with such refi-  
21              nancing) of the existing facility;

22              “(B) the proceeds of any refinancing will  
23              be employed only to retire the existing indebted-  
24              ness and pay the necessary cost of refinancing  
25              on the existing facility;

1           “(C) the existing facility is economically  
2           viable; and

3           “(D) the facility complies with any laws,  
4           standards, and requirements applicable to such  
5           facilities under the laws of the State, munic-  
6           ipality, or other unit of general local government  
7           in which the facility is or is to be located.

8           “(5) LIMITATION ON INSURANCE AUTHORITY.—  
9           The authority of the Secretary to enter into commit-  
10          ments to insure mortgages under this subsection is  
11          subject to section 257(f).”.

12 **SEC. 6. STUDY OF AVAILABILITY OF SECONDARY MARKETS**  
13 **FOR MORTGAGES ON CHILD CARE FACILI-**  
14 **TIES.**

15          (a) STUDY.—The Secretary of the Treasury shall  
16          conduct a study of the secondary mortgage markets to de-  
17          termine—

18               (1) whether such a market exists for purchase  
19               of mortgages on new and rehabilitated child care fa-  
20               cilities and mortgages for acquisition and refi-  
21               nancing debt of existing child care facilities, includ-  
22               ing mortgages eligible for insurance under sections  
23               223(h) and 257 of the National Housing Act (as  
24               added by this Act);

1           (2) whether such a market would affect the  
2       availability of credit available for development of  
3       child care facilities, particularly facilities located in  
4       areas for which the President declared that a major  
5       disaster exists, in accordance with section 401 of the  
6       Robert T. Stafford Disaster Relief and Emergency  
7       Assistance Act (42 U.S.C. 5170), as a consequence  
8       of Hurricane Katrina or Rita of 2005, or would  
9       lower development costs of such facilities; and

10          (3) the extent to which such a market or other  
11       activities to provide credit enhancement for loans for  
12       child care facilities, particularly for facilities located  
13       in the areas referred to in paragraph (2), is needed  
14       to meet the demand for such facilities.

15       (b) REPORT.—Not later than 1 year after the date  
16 of enactment of this Act, the Secretary of the Treasury  
17 shall submit to Congress a report regarding the results  
18 of the study conducted under this section.

19 **SEC. 7. TECHNICAL AND FINANCIAL ASSISTANCE GRANTS.**

20       (a) DEFINITIONS.—In this section:

21           (1) CHILD CARE FACILITY.—The term “child  
22       care facility” has the meaning given that term in  
23       section 257(a) of the National Housing Act, as  
24       added by section 3 of this Act.

1           (2) ELIGIBLE INTERMEDIARY.—The term “eli-  
2       gible intermediary” means a intermediary organiza-  
3       tion that—

4           (A) is described in section 501(c)(3) of the  
5       Internal Revenue Code of 1986;

6           (B) is exempt from taxation under section  
7       501(a) of such Code; and

8           (C) has demonstrated experience in—

9           (i) financing the construction and ren-  
10      ovation of physical facilities;

11          (ii) providing technical and financial  
12      assistance to child care providers or other  
13      similar entities;

14          (iii) working with businesses (whether  
15      small or large); and

16          (iv) securing private sources for cap-  
17      ital financing; and

18       (3) ELIGIBLE RECIPIENT.—The term “eligible  
19      recipient” means any—

20          (A) existing or start-up center-based or  
21      home-based child care provider; and

22          (B) organization in the process of estab-  
23      lishing a center-based or home-based child care  
24      program or otherwise seeking to provide child  
25      care services.

1           (4) EQUIPMENT.—The term “equipment” has  
2           the meaning given that term in section 257(a) of the  
3           National Housing Act, as added by section 3 of this  
4           Act.

5           (b) GRANT AUTHORITY.—The Secretary of Housing  
6           and Urban Development, in consultation with the Sec-  
7           retary of Health and Human Services, may award grants  
8           on a competitive basis in accordance with this section to  
9           eligible intermediaries for use in accordance with sub-  
10          sections (e) and (f).

11          (c) APPLICATIONS.—To be eligible to receive a grant  
12          under this section an eligible intermediary shall submit to  
13          the Secretary an application, in such form and containing  
14          such information as the Secretary may require.

15          (d) PRIORITY.—In awarding grants under this sec-  
16          tion the Secretary shall give a priority to applicants under  
17          subsection (c) that serve low-income or rural areas.

18          (e) USE OF FUNDS.—

19                (1) REVOLVING LOAN FUND.—Each eligible  
20                intermediary that receives a grant under this section  
21                shall deposit the grant amount into a child care re-  
22                volving loan fund established by the eligible inter-  
23                mediary.

24                (2) ELIGIBLE ASSISTANCE.—Subject to sub-  
25                section (f), from amounts deposited into the revolv-

1       ing loan fund under paragraph (1), each eligible  
2       intermediary shall provide to eligible recipients—

3               (A) financial assistance (in the form of  
4               loans, grants, investments, guarantees, interest  
5               subsidies, and other appropriate forms of assist-  
6               ance) for the construction of new child care fa-  
7               cilities located in an area for which the Presi-  
8               dent declared that a major disaster exists, in  
9               accordance with section 401 of the Robert T.  
10              Stafford Disaster Relief and Emergency Assist-  
11              ance Act (42 U.S.C. 5170), as a consequence of  
12              Hurricane Katrina or Rita of 2005, for plan-  
13              ning of such child care facilities, and for acqui-  
14              sition or improvement of such child care facili-  
15              ties or equipment for such child care facilities;  
16              and

17              (B) technical assistance in obtaining public  
18              or private financing for such construction, plan-  
19              ning, acquisition, and improvement of such  
20              child care facilities, including developing and  
21              implementing financing resources, options, and  
22              plans for such eligible recipients.

23              (3) LOAN REPAYMENTS AND INVESTMENT PRO-  
24              CEEDS.—Any amount received by an eligible inter-  
25              mediary from an eligible recipient in the form of



1 loan principal repayment or investment proceeds  
2 shall be deposited into the child care revolving fund  
3 of the eligible intermediary for redistribution to  
4 other eligible recipients in accordance with this sec-  
5 tion.

6 (f) ALLOCATION OF FUNDS.—Of the amounts dis-  
7 tributed from the revolving loan fund of an eligible inter-  
8 mediary under subsection (e)(2) in each fiscal year—

9 (1) not less than 50 percent shall be used for  
10 financial assistance pursuant to subparagraph (A) of  
11 subsection (e)(2), except that the amount made  
12 available to any eligible recipient under this para-  
13 graph may not exceed 40 percent of the total costs  
14 incurred by that eligible recipient in connection with  
15 the construction, planning, acquisition, or improve-  
16 ment assisted; and

17 (2) the amount remaining after distribution  
18 under paragraph (1), shall be used to provide tech-  
19 nical assistance pursuant to subparagraph (B) of  
20 subsection (e)(2).

21 (g) DAVIS BACON ACT.—The Act of March 3, 1931  
22 (popularly known as the Davis-Bacon Act) shall apply to  
23 actions taken under this Act.

1       (h) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to carry out this section  
3 \$1,000,000 for fiscal year 2008.

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